



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 30, 1998

Ms. Anitta Pross
SouthTrust Corporation
P.O. Box 2554
Birmingham, Alabama 35290

Dear Ms. Pross:

This responds to your letter to the Federal Reserve Bank of Atlanta dated April 13 and received April 20, 1998, requesting a determination whether an application under the Bank Holding Company Act ("BHC Act") is required for SouthTrust Corporation ("SouthTrust") and its wholly owned subsidiary, SouthTrust of Alabama, Inc. ("ST-Alabama"), both of Montgomery, Alabama, to acquire American Banks of Florida, Inc., Jacksonville, Florida ("ABF").

The purpose of the proposed transaction is to facilitate the merger of American National Bank of Florida, Jacksonville, Florida ("Bank"), a wholly owned subsidiary of ABF, into SouthTrust Bank, N.A., Montgomery, Alabama ("SouthTrust Bank"), a wholly owned subsidiary of ST-Alabama. The transaction would proceed in two steps. First, ST-Alabama and ABF would merge, with ST-Alabama as the survivor. All outstanding voting shares of ABF, except shares held by dissenting shareholders, would be converted into the right to receive voting shares of SouthTrust. As a result, Bank would become a wholly owned subsidiary of ST-Alabama and an indirect wholly owned subsidiary of SouthTrust. Second, SouthTrust Bank and Bank would merge, with SouthTrust Bank as the survivor. These steps would occur in immediate succession. At no time would SouthTrust or ST-Alabama operate Bank as a separate bank. SouthTrust Bank has filed an application with the Office of the Comptroller of the Currency ("OCC") under the Bank Merger Act requesting approval of the bank merger.

Section 3(a)(3) of the BHC Act requires an application to the Board before a bank holding company may acquire direct or indirect ownership or control of more than 5 percent of the voting shares of a bank. An application is required under this section even when the transaction is subject to review under

the Bank Merger Act if, as a result of the transaction, the bank holding company would directly or indirectly acquire shares of a bank that it previously did not control. See Girard Bank v. Board of Governors of the Federal Reserve System, 748 F.2d 838 (3d Cir. 1984). As described above, SouthTrust would indirectly acquire all the outstanding voting shares of Bank. This acquisition falls within the requirements of prior approval under section 3(a)(3) of the BHC Act. In addition, the merger of ABF into ST-Alabama is subject to the requirements of prior approval under section 3(a)(5) of the BHC Act.

In cases similar to yours, however, involving an existing bank holding company's acquisition of the stock of a bank, followed immediately by a merger of the existing bank holding company's subsidiary bank and the acquired bank, Board staff has advised that, when no issue is raised under the BHC Act and the merger is subject to the prior approval of a federal banking agency under the Bank Merger Act, it would not object to consummation of the proposal without the filing of a formal application under the BHC Act. See, e.g., letter dated January 25, 1985, to Mellon Bank, N.A., and letter dated November 19, 1982, to Florida National Banks of Florida, Inc. In such cases, the Board has required the bank holding company to submit sufficient financial and other information to the Board in order that it may evaluate the effects of the proposed merger on the bank holding company. Absent such a filing demonstrating no significant issue regarding the financial effect of the proposal on the bank holding company or other factors over which the Board has exclusive or primary jurisdiction, the Board would require an application under section 3 of the BHC Act.

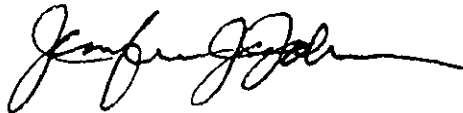
The required information has been submitted to Board staff. ABF does not engage in any nonbanking activities that would require approval under section 4 of the BHC Act, and there are no issues involved in this proposal with respect to section 3(d) of the BHC Act or state law considerations associated with this proposal. The OCC is reviewing this transaction under the Bank Merger Act, and it has been represented to Board staff that all applicable requirements under state law and the Bank Merger Act will be met in completing this transaction.

Based on a review of these and other facts presented, the Secretary of the Board of Governors, acting pursuant to delegated authority, does not object to consummation of the transaction described above without the filing of formal applications under section 3 of the BHC Act by SouthTrust and ST-Alabama. The determination in this case is subject to approval of the transaction by the OCC under the Bank Merger Act.

This determination is based on all the facts and representations presented to Board staff. Any material change in those facts or representations, including a change in the parties to the transaction, may cause this determination to be reconsidered, and should be communicated to Board staff. If SouthTrust wishes to engage in additional activities or to acquire additional banks or nonbanking companies, the Board's prior approval will be required under the BHC Act.

If you have any questions regarding this matter, please contact Gordon Miller of the Board's Legal Division at 202/452-2534.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer J. Johnson", with a long horizontal flourish extending to the right.

Jennifer J. Johnson
Deputy Secretary of the Board

cc: Federal Reserve Bank of Atlanta
Office of the Comptroller of the Currency
Florida State Comptroller